



Wisconsin

Benefits From Exports

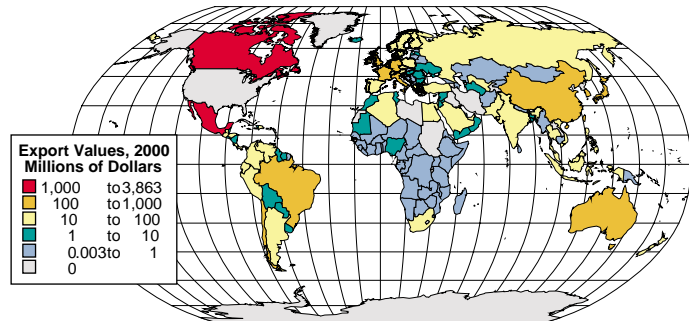
Wisconsin's export sales of merchandise in 2000 totaled \$10.9 billion, up 13.7 percent from its 1999 level of \$9.5 billion, and up by 87 percent from the state's 1993 total of \$5.8 billion. On a per capita basis, Wisconsin's exports rose from \$1,152 for every state resident in 1993 to \$2,024 in 2000—a 76 percent gain that is well above the 57 percent increase recorded nationally over this period.

Wisconsin exported globally to 191 foreign destinations in 2000. Buoyed by the North American Free Trade Agreement (NAFTA), the state's two largest markets, by far, are Canada (36 percent of 2000 exports) and Mexico (9.7 percent). Other major markets in 2000 included Japan, the United Kingdom, France, Germany, the Netherlands, and Italy.

Wisconsin's biggest growth markets, in dollar terms, are the NAFTA nations of Canada and Mexico. From 1997 to 2000, export sales to Canada increased from \$3.1 billion to \$3.9 billion, while exports to Mexico more than doubled from \$427 million to nearly \$1.1 billion. Wisconsin also posted big dollar gains in sales to Italy, the Netherlands, China, Switzerland, and Israel.

WISCONSIN EXPORTED GOODS WORTH \$10.9 BILLION TO 191 FOREIGN MARKETS IN 2000

Dollar Value of Wisconsin's Merchandise Exports to Foreign Markets, 2000

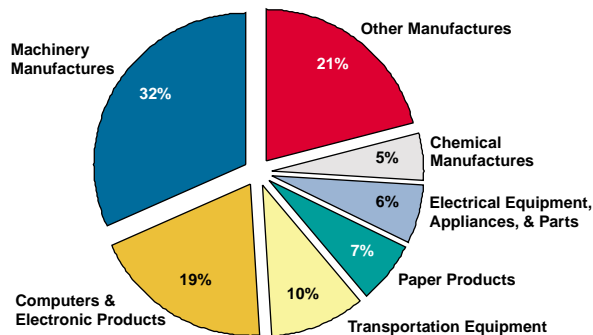


Source: U.S. Department of Commerce, Exporter Location Series.

The state's leading export category is industrial machinery, which alone accounted for more than 30 percent, or \$3.3 billion, of Wisconsin's total merchandise exports in 2000. Other top exports are computers and electronic products; transportation equipment; paper products; electrical equipment, appliances, and parts; and chemicals.

Within Wisconsin, the Milwaukee-Waukesha metropolitan area posted 1999 export sales of \$3.72 billion—the most of any Wisconsin metro area and over one-third the state total. Other top exporting metro areas were Appleton-Oshkosh-Neenah, Kenosha, and Madison—each with more than \$500 million in exports.

WISCONSIN EXPORTS A WIDE RANGE OF MANUFACTURES: \$10.6 BILLION IN 2000



Note: Manufactures are a subcategory of total merchandise exports, which also include mining commodities and unprocessed agricultural products.

Source: U.S. Department of Commerce, Exporter Location Series.

Two Wisconsin metro areas more than tripled exports from 1993 to 1999: Kenosha recorded an increase of 439 percent, the fourth-biggest percentage gain among the 253 U.S. metro areas for which statistics are available. La Crosse (which is partly located in Minnesota) boosted exports by 223 percent—the 14th largest gain nationally.

Exports Support Good Jobs

Export-related employment tends to be good, high-paying jobs. Wages of workers in jobs supported by goods exports range 13–18 percent higher than the national average. Export-supported jobs are also

more secure: Exporting plants are 9 percent less likely to shut down than comparable nonexporting plants.

In 1997 (latest available data), Wisconsin depended on manufactured exports for 191,900 jobs—the 11th highest total among the 50 states. Export-supported jobs accounted for an estimated 8.1 percent of Wisconsin’s total private sector employment.

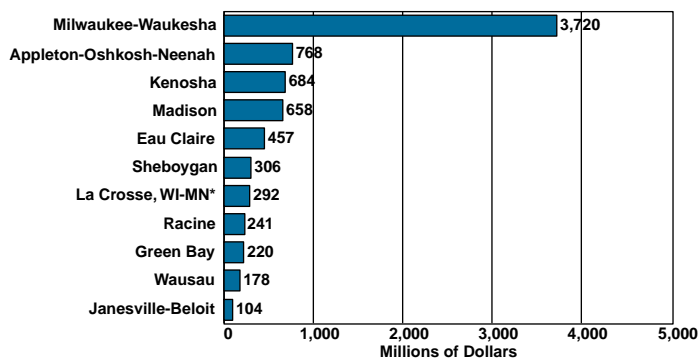
Manufactured exports supported 92,900 jobs—about one out of every six workers—in Wisconsin’s manufacturing industries. Roughly two-thirds of all export-related manufacturing jobs were in five industries: machinery manufactures; fabricated metal products; computers and electronic products; electrical equipment, appliances, and parts; and transportation equipment.

Exports of manufactured goods also indirectly supported 99,000 jobs in the state’s nonmanufacturing industries. These industries supply manufacturers with a wide variety of inputs needed to produce goods for export.

Exports Help Small Business

Exports have broadly benefited Wisconsin businesses—both large and small. A total of 5,780 companies exported from Wisconsin locations in 1998. Almost 84 percent of these companies, accounting for 29 percent of the state’s total exports, were small and medium-sized

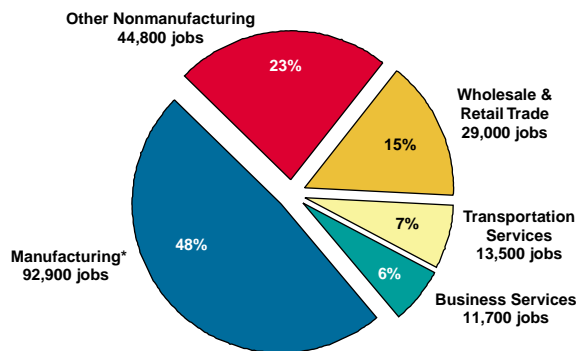
FOUR WISCONSIN METRO AREAS POSTED EXPORTS OF \$500 MILLION OR MORE IN 1999



*This metro area partially overlaps into an adjacent state.

Source: U.S. Department of Commerce, Exporter Location Series.

191,900 WISCONSIN JOBS DEPENDED ON MANUFACTURED EXPORTS IN 1997



*Includes 3,400 jobs tied to exports of processed foods.

Source: U.S. Department of Commerce, Bureau of the Census, Manufacturing & Construction Division.

firms that had fewer than 500 employees. In fact, 68 percent of all Wisconsin exporters were small firms with fewer than 100 workers.

TRADE PROMOTION AUTHORITY—KEY TO OPENING WORLD MARKETS

U.S. Trade Promotion Authority (also known as TPA or “fast track”) is essentially an agreement between the President and Congress on how market-opening trade negotiations will be conducted and agreements approved.

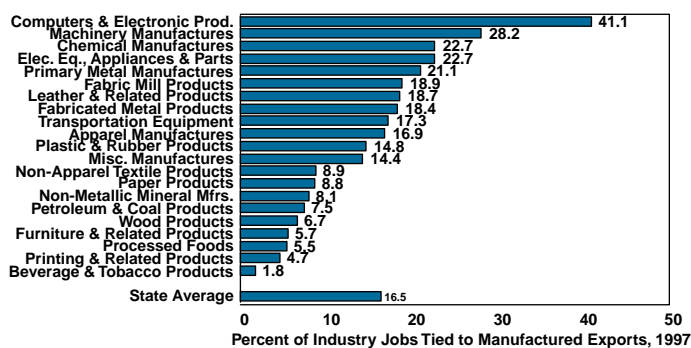
Under TPA, the President involves Congress in trade negotiations from the start; Congress, in exchange, agrees to vote yes or no on any resulting agreement in its entirety, without amendments. The two branches set negotiating objectives and consult during trade talks while inviting public comment. This open process allows problems to be identified and resolved during negotiations, when agreement is most easily achieved.

TPA preserves the ability of the United States to protect public health, safety, and the environment.

Foreign Competitors Are Not Standing Still

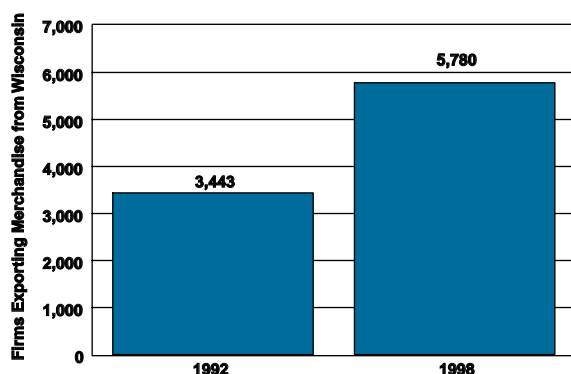
While previous rounds of trade negotiations were highly successful in reducing trade barriers, much work remains to be done to level the playing field for U.S. businesses. In fact, the United States has fallen behind our trading partners in combating market barriers through free trade agreements. The United States is a party to just two of the estimated 130 free trade agreements in force worldwide. In comparison, the European Union has FTAs with 27 countries. Since U.S. tariffs are already low compared to those of our trading partners, the United States has a great deal to gain from future negotiations aimed at prying open foreign markets.

ABOUT ONE-SIXTH OF MANUFACTURING JOBS IN WISCONSIN WERE TIED TO EXPORTS IN 1997



Note: In 1997, 16.5 percent of the 562,500 manufacturing jobs in Wisconsin were tied to manufactured exports—some 92,900 jobs. For any given manufacturing sector, export-related employment includes all workers producing goods for export or of inputs to the export manufacturing process. Source: U.S. Department of Commerce, Bureau of the Census, Manufacturing & Construction Division.

THE NUMBER OF COMPANIES EXPORTING FROM WISCONSIN ROSE 68 PERCENT FROM 1992 TO 1998



Source: U.S. Department of Commerce, Exporter Data Base.

Wisconsin Industries Can Gain From Trade Negotiations

Wisconsin exporters still face many tariff and nontariff barriers abroad, especially in developing countries. While developing nations are among the most promising markets, they also tend to have high levels of import protection. Trade negotiations aimed at reducing these barriers will significantly benefit Wisconsin businesses across many industrial sectors.

Information technology. Wisconsin's high-tech businesses are beneficiaries of the Information Technology Agreement. The agreement eliminates duties on the entire IT sector in major markets throughout the world, with the exception of the larger markets of Latin America. Tariffs on IT products in key Latin American markets remain as high as 30 percent. Beyond tariffs, IT products also face nontariff restrictions such as redundant testing and certification requirements. U.S.

suppliers, including those in Wisconsin, would likely see sales rise if remaining barriers on IT products were eliminated.

Construction machinery. Wisconsin's exporters of construction machinery have benefited from past trade negotiations, such as the Uruguay Round, in which key developed countries agreed to eliminate tariffs on construction equipment. While progress has been made, countries such as Brazil and India still maintain high tariffs of 19 percent and 50 percent, respectively, on the industry's products. Other barriers to the industry include discriminatory licensing and inspection requirements as well as a lack of transparency for both import licensing and import and export fees.

Auto parts. The U.S. exported \$53.7 billion in auto parts during 2000. The ability of the auto parts industry to increase exports will play an important role in its future growth. It will be critical to resolve the many market access barriers that confront this sector. In addition to high tariff barriers, several key nontariff barriers are unique to the auto parts sector. For example, Wisconsin's parts suppliers have been denied full access to the Japanese market by restrictive regulations concerning the repair and replacement of auto parts. U.S. parts rebuilders are also unable to sell their products throughout much of South America due to import prohibitions.

Paper and paper products. As a result of the Uruguay Round, U.S. exporters of

WISCONSIN: WHY TRADE PROMOTION AUTHORITY?

Trade Promotion Authority is critical for removing remaining barriers to exports of Wisconsin goods and services.

Wisconsin exporters still face major trade barriers in such sectors as information technology, construction equipment, auto parts, and paper products.

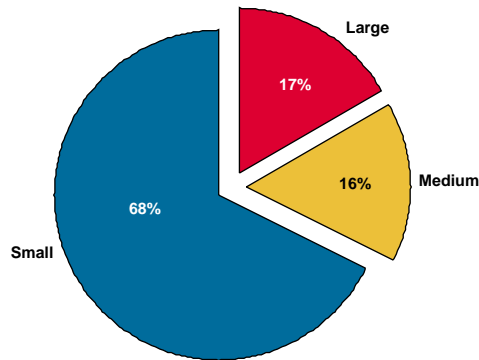
With the United States on the sidelines, foreign competitors are forging ahead and pursuing their own market-opening agreements.

Wisconsin's economy is export-dependent, with export sales of \$2,024 for every state resident.

Nearly 192,000 Wisconsin jobs depend on exports of manufactured goods.

5,780 companies—including 4,816 small and medium-sized businesses—export from Wisconsin.

84 PERCENT OF WISCONSIN'S 5,780 EXPORTING FIRMS IN 1998 WERE SMALL AND MEDIUM-SIZED ENTERPRISES



Small = less than 100 employees; medium = 100-499 employees; large = 500 or more employees.
Source: U.S. Department of Commerce, Exporter Data Base.

paper products have benefited from lower tariffs in a number of foreign markets. However, the industry continues to face high tariffs on paper in countries that do not participate in the Uruguay Round duty elimination agreements. Tariffs are still high in such key competitor and consuming countries as Brazil, Colombia, Indonesia, Malaysia, Thailand, and Venezuela. For example, tariffs in Venezuela and Thailand are as high as 20 percent and 25 percent, respectively. In addition, the U.S. paper industry faces a number of nontariff barriers in key foreign markets, including import surcharges, import quotas, import permits and licenses, and subsidies.

Agriculture. Wisconsin is a major producer and exporter of agricultural products. According to the U.S. Department of Agriculture, Wisconsin's farm cash receipts totaled \$5.6 billion in 1999, and it was the 10th largest agricultural exporter, with exports of \$1.3 billion (including processed foods). Since 1991, the state's reliance on agricultural exports has risen from 14 percent to 23 percent as measured by export's share of farm cash receipts. Wisconsin's top agricultural exports are feed grains and products, vegetables and products, dairy products, live animals and red meats, and soybeans and products. Wisconsin already benefits from past trade agreements. Under NAFTA, Mexico converted its import licensing system for corn to a transitional tariff-rate quota. The Philippines converted its import ban on corn to tariffs as part of its Uruguay Round commitments. Japan lowered tariffs on frozen sweet corn from 12.5 percent to 10.6 percent, and Thailand and South Korea are making substantial cuts on their tariffs for sweet

corn. However, U.S. agricultural exports still face high tariffs and nontariff barriers worldwide.

Services. Services are the biggest component of the U.S. economy and now account for more than one-fourth (28 percent) of U.S. exports to the world. Service exports in 2000 totaled \$296 billion; the United States ran a surplus of nearly \$80 billion in services trade with the world. Exportable services include transportation services (e.g., air freight), financial services (e.g., banking, insurance) and business services (e.g., engineering, architecture). Service industries confront a wide range of barriers abroad. Trade Promotion Authority will provide added impetus to the new round of global services trade negotiations now

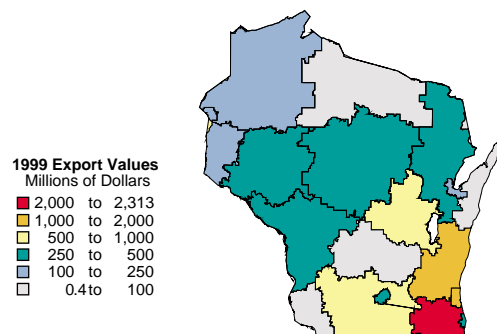
under way to dismantle these barriers.

Imports Also Important to Wisconsin

While exports generate clear benefits for the Wisconsin economy (jobs, wages, expanded tax base, etc.), the role of imports is less clear—especially since no import statistics are available for states on an end-user basis. Although many often equate imports with “lost” jobs, the reality is usually much more complex. For example, there is no doubt that imports supply critical inputs for many of the goods and services produced in Wisconsin, including products destined for export. Imports often play a key role in ensuring supplies of vital materials that are either scarce or simply not available domestically. More generally, imports provide consumers and businesses in Wisconsin with wider choice in the marketplace, thereby enhancing living standards and contributing to competitiveness.

EXPORTS ARE SOLD FROM ALL OVER WISCONSIN

Wisconsin's Merchandise Exports by Three-Digit Zip Code, 1999



Note: Wisconsin's total merchandise exports in 1999 were \$9.5 billion. Unshaded areas represent national forests and parks, federal and military reservations, localities without exports, and areas where export data are suppressed due to federal disclosure regulations.
Source: U.S. Department of Commerce, Exporter Location Series.